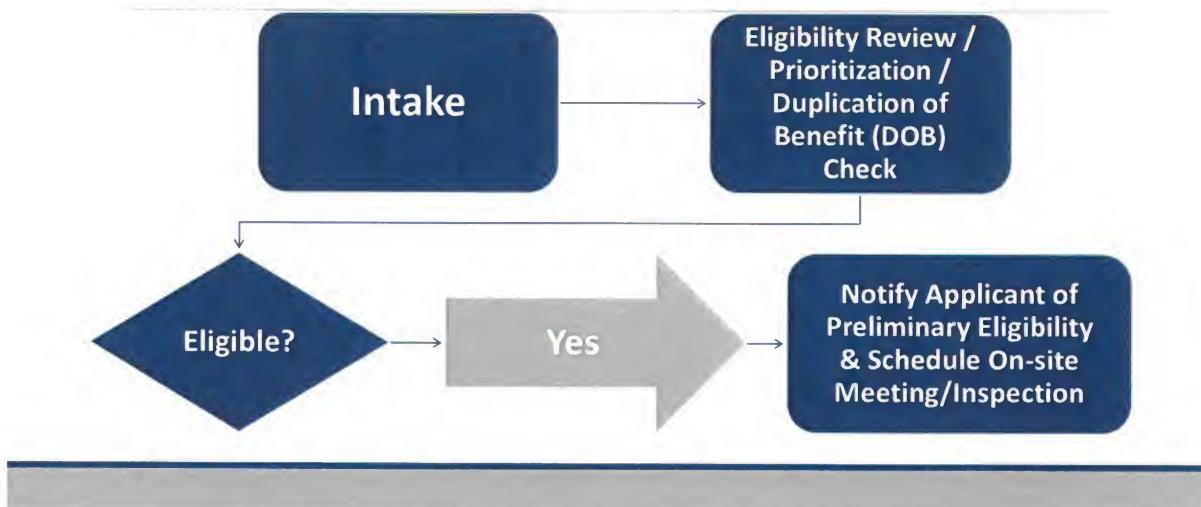
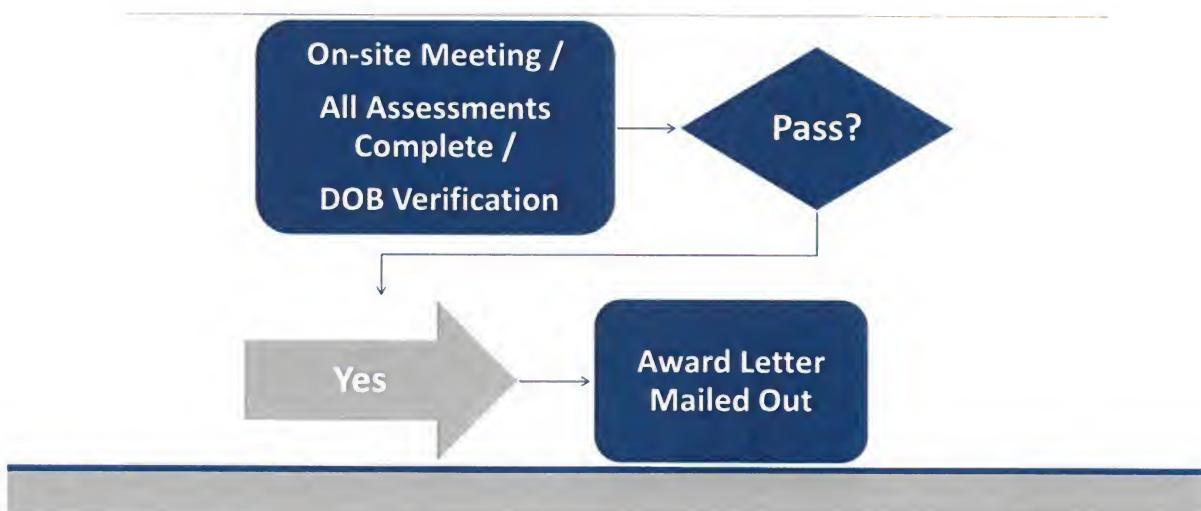


## Housing Program Process: Intake and Eligibility



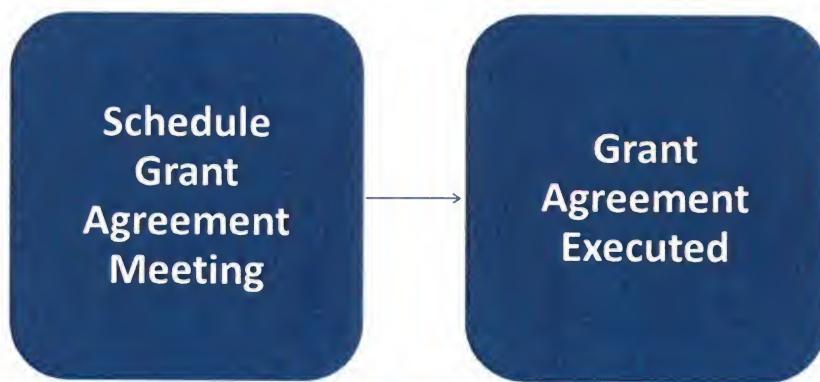
## Housing Program Process: Inspection and Award



## Housing Program Process: Award Example

Applicant's Total Eligible Damage	\$55,000
Previous Duplicative Assistance	
FEMA Repair Grant	(\$8,200)
SBA Disaster Home Loan	\$0
Flood Insurance	\$0
VOAD Assistance	<u>(\$10,000)</u>
Total Duplicative Assistance	(\$18,200)
Maximum Eligible CDBG-DR Award	<u>\$36,800</u>

## Housing Programs Process: Grant Agreement



## Housing Programs Process: **Closeout**



### **HAZARD MITIGATION GRANT PROGRAM/ CDBG – DR MATCH PROGRAM**

**Objective:** Leverage CDBG-DR funds to provide State's required 25% local match for the FEMA Hazard Mitigation Grant Program (HMGP).

**CDBG-DR Allocation:** \$11.44 million

**Eligible Applicants:** Homeowners, Counties, Municipalities, Public Housing Authorities, eligible private non-profit organizations

**Eligible Activities:** Housing activities; property acquisition and demolition (stick-built homes/MHUs); property elevation; infrastructure improvements or replacement.

## STRATEGIC BUYOUT / ACQUISITION PROGRAM

**Objective of Buyout:** Will aim to relocate residential property owners in Clendenin to replacement homes outside the floodplain. Projects will be targeted for specific flood mitigation purposes.

**Objective of Acquisition:** Acquire contiguous properties for redevelopment of property; priority is the new construction of a 18+ unit rental property prioritized for seniors

**Eligibility Requirements:** Properties must be located in the floodplain OR in a Disaster Risk Reduction Area

**CDBG – DR Allocation:** \$4.5 million

## BRIDGE HOME PROGRAM

**Objective and Description:** Will repair privately owned bridges that provide the primary access point to at least two residences.

**Program Priority:** Eligible applicants of the Up to Code or Rental Assistance Program.

**CDBG – DR Allocation:** \$2.08 million

*The State will leverage the VOAD's labor, permitting procedures, and experience with rebuilding bridges.*



## RESTORE RIVERVIEW PROJECT

**Objective and Description:** Rehabilitation of the Riverview property in Clendenin damaged by the floods, to include restoration of the third floor rental units and the first floor training and office space. The project will restore 10 rental units, 6 of which will be required to benefit LMI persons.

**Eligibility Requirements:** Use of the first floor office and training space will require a tenant or owner to ensure that 51% of the jobs created as a result of the restoration are held by LMI persons.

**CDBG – DR Allocation:** \$1,500,000

## FAIR HOUSING ACT

The Fair Housing Act prohibits discrimination against any of the following protected classes:



- Race
- Color
- National Origin
- Religion
- Sex
- Familial Status
- Handicap / Disability

## FAIR HOUSING ACT



The Fair Housing Act prohibits:

- Discrimination in the rental or sale of housing;
- Discrimination in the terms, conditions, privileges, services or facilities of housing;
- Making, printing, or publishing discriminatory advertisements; and
- Representing that housing is unavailable to a protected class when housing is actually available

## QUESTIONS OR COMMENTS?

Public comments will be received until April 17, 2017.

Email: [DisasterRecovery@WV.gov](mailto:DisasterRecovery@WV.gov)

U.S. Mail: West Virginia Development Office  
1900 Kanawha Blvd., East Capitol Complex  
Building 6, Room 553  
Charleston, WV 25305-0311

**APPENDIX C:***Table 23*

Name <sup>1</sup>	Address	County	Date Contacted	Damage Y/N
<b>Agsten Manor</b>	715 Randolph St. Charleston, WV 25302	Kanawha	2/6/17	No
<b>Alderson Apartments</b>	200 Maple Ave. Alderson, WV 24910	Greenbrier	2/16/17	No
<b>Assaley Place Apartments</b>	1532 Jackson St. Charleston, WV 25311	Kanawha	2/6/17	No
<b>Brook Village</b>	348 Northridge Dr. Lewisburg, WV 24901	Greenbrier	Unable to contact	N/A
<b>Brooks Manor</b>	23 Brooks St. Charleston, WV 25301	Kanawha	2/6/17	No
<b>Carriage Hill Apartments</b>	101 Surrey Ter. St. Albans, WV 25177	Kanawha	Unable to contact	N/A
<b>Charleston Arbors</b>	100 Washington St. E Charleston, WV 25301	Kanawha	2/7/17	No
<b>Charleston Replacement Housing</b>	700 Patrick St. Charleston, WV 25387	Kanawha	3/1/17	No Response
<b>Charleston/Kanawha Housing Authority</b>	1525 Washington St. W Charleston, WV 25387	Kanawha	2/7/17	No
<b>Chelyan Village Apartments</b>	205 Appalachian St. Cabin Creek, WV 25035	Kanawha	2/7/17	No Response
<b>Chesterfield Village</b>	5250 Chesterfield Ave. Charleston, WV 25304	Kanawha	2/16/17	No Response
<b>Community Housing, Inc.</b>	1573 Jackson St. Charleston, WV 25311	Kanawha	2/6/17	No
<b>Concord House I &amp; II</b>	5511 Noyes Ave. Charleston, WV 25304	Kanawha	2/6/17	No
<b>CRH 1 Public Housing</b>	711 Patrick St. Charleston, WV 25387	Kanawha	Unable to contact	N/A
<b>CRH 3 Washington Manor &amp; Littlepage</b>	100 IDA Mae Way Charleston, WV 25301	Kanawha	2/21/17	No Response

<sup>1</sup> Personal contact information excluded for protection of privacy – contact names and information available upon request.

Name <sup>1</sup>	Address	County	Date Contacted	Damage Y/N
CRH 4 Orchard Elderly	321 Copenhaver Dr. Charleston, WV 25387	Kanawha	Unable to contact	N/A
CRH 8 Legion Prezioso	1727 Seventh Ave. Charleston, WV 25387	Kanawha	Unable to contact	N/A
Cross Lanes Unity Apts.	101 Unity Ln. Charleston, WV 25313	Kanawha	2/6/17	No
Dunbar Towers	1000 Myers Ave. Dunbar, WV 25064	Kanawha	2/6/17	No
EL - Elderly	701 E Edgar Ave. Ronceverte, WV 24970	Greenbrier	2/1/17	No Response
EL - Elderly	1300 Third Ave. W Montgomery, WV 25136	Kanawha	2/7/17	No
EL - Elderly	303 Austin St. Lewisburg, WV 24901	Greenbrier	2/7/17	No
EL - Elderly	205 Appalachian St. Cabin Creek, WV 25035	Kanawha	2/7/17	No Response
EL - Elderly	41 Surber Rd. White Sulphur Springs, WV 24986	Greenbrier	2/7/17	No Response
Elk Crossing Apartments	1511 Frame Rd. Elkview, WV 25071	Kanawha	2/28/17	No
Elk Valley I	295 S Pinch Rd. Elkview, WV 25071	Kanawha	2/16/17	No Response
Elk Valley II Apartments	301 S Pinch Rd. Elkview, WV 25071	Kanawha	2/16/17	No Response
Elk Valley II Apartments	307 S Pinch Rd. Elkview, WV 25071	Kanawha	3/1/17	Yes
Elle Bella Villa	100 Everette Ln. Dunbar, WV 25064	Kanawha	2/24/17	No
FA - Family	1000 Blake Ave. Ronceverte, WV 24970	Greenbrier	2/1/17	No Response

Name <sup>1</sup>	Address	County	Date Contacted	Damage Y/N
FA - Family	601 Ferrell Rd. St. Albans, WV 25177	Kanawha	2/6/17	No
FA - Family	301 S Pinch Rd. Elkview, WV 25071	Kanawha	2/7/17	No
FA - Family	316 Amanita Dr. S. Charleston, WV 25309	Kanawha	2/7/17	No
FA - Family	5270 Dewitt Rd. Cross Lanes, WV 25313	Kanawha	2/7/17	No Response
FA - Family	2001 Teresa Ln. Sissonville, WV 25320	Kanawha	2/7/17	No Response
Glenwood School Place	810 Grant St. Charleston, WV 25302	Kanawha	2/20/17	No
Greenbrier Senior Housing	268 Greenbrier St. Rupert, WV 25984	Greenbrier	2/20/17	No
Greystone & Legion Townhomes	1904 Washington St. W. Charleston, WV 25387	Kanawha	3/1/17	No Response
Highview Unity Apartments	701 Garvin Ave. Charleston, WV 25302	Kanawha	2/6/17	No
Homes of Washington Manor (CRH 5)	600 Clendenin St. Charleston, WV	Kanawha	3/1/17	No Response
Housing Authority of the City of Dunbar	900 Dutch Hollow Rd. Dunbar, WV 25064	Kanawha	2/20/17	No Response
Housing Authority of the City of South Charleston	520 Goshom St. S. Charleston, WV 25309	Kanawha	2/7/17	No
Housing Authority of the City of St. Albans	650 6th St. St. Albans, WV 25177	Kanawha	2/20/17	No Response
Jacob Arbors	521 Jacob St. Charleston, WV 25301	Kanawha	2/7/17	No
Jenna Landing Apartments	308 Jenna Way Sissonville, WV 25320	Kanawha	2/24/17	No
Knollview Village Apartments	571 Maccorkle Ave. SW St. Albans, WV 25177	Kanawha	3/1/17	Yes

Name'	Address	County	Date Contacted	Damage Y/N
Lewis Terrace/Tabor Tower	313 N Court St. Lewisburg, WV 24901	Greenbrier	2/8/17	No
Lewisburg Manor	344 N. Court St. Lewisburg, WV 24901	Greenbrier	2/21/17	No
Lynnelle Landing Apartments	408 Loretta Ln. S. Charleston, WV 25309	Kanawha	2/24/17	No
Meg Village	1 Meg Dr. Sissonville, WV 25320	Kanawha	2/7/17	No Response
Mill Creek Landing Apartments	1 Wise Acres Dr. Charleston, WV 25311	Kanawha	2/24/17	No
MX - Mixed	364 Pennsylvania Ave. Rainelle, WV 25962	Greenbrier	2/7/17	No
Oakwood Terrace	872 Westminster Way Charleston, WV 25314	Kanawha	2/6/17	No
Pentecostal Holiness Church Housing Corp.	101 Miracle Dr. Saint Albans, WV 25177	Kanawha	2/21/17	No Response
Perkins Parke Apartments	100 Drexel Pl. Cross Lanes, WV 25313	Kanawha	2/24/17	No
Pocatalico Village	2005 Teresa Ln. Sissonville, WV 25320	Kanawha	2/7/17	No Response
Rivermont Homes, Inc.	800 4th Ave. Apt B Montgomery, WV 25136	Kanawha	2/6/17	No
Riverview Towers	1 Kanawha Ter. Saint Albans, WV 25177	Kanawha	2/6/17	No
Robinson Estates (Dupont Ave.)	118 E Dupont Ave. Belle, WV 25015	Kanawha	Unable to contact	N/A
Robinson Estates (Gardner Ave.)	109 E Gardner Ave. Belle, WV 25015	Kanawha	Unable to contact	N/A
Sewell Landing Apartments	706 Pennsylvania Ave. Rainelle, WV 25962	Greenbrier	2/27/17	YES
South Charleston Unity Apartments	4718 Kanawha Ave. SW S. Charleston, WV 25309	Kanawha	2/6/17	No

Name <sup>1</sup>	Address	County	Date Contacted	Damage Y/N
<b>Southmoor Hills Apartments</b>	5019 Kingswood Dr. S. Charleston, WV 25309	Kanawha	2/20/17	No
<b>Southmoor Hills Apartments</b>	4992 Richland Dr. Apt C S. Charleston, WV 25309	Kanawha	2/6/17	No
<b>Spruce Cove Apartments</b>	2010 Quarrier St. Charleston, WV 25311	Greenbrier	Unable to contact	N/A
<b>The Village on Park</b>	1600 Park Ave. Nitro, WV 25143	Kanawha	2/16/17	No
<b>Thomas Patrick Maroney Unity Apartments, Inc.</b>	1004 Lewis St. Charleston, WV 25301	Kanawha	2/6/17	No
<b>Tyler Heights Apartments</b>	100 Tyler Ridge Rd. Cross Lanes, WV 25313	Kanawha	2/24/17	No
<b>Upper Falls Landing Apartments</b>	1300 Third Ave. W Montgomery, WV 25136	Kanawha	2/24/17	No
<b>Vandalia Terrace Apartments</b>	1507 Dorchester Rd. Charleston, WV 25303	Kanawha	2/6/17	No
<b>Vickers Parke Apartments</b>	316 Amanita Dr. S. Charleston, WV 25309	Kanawha	2/24/17	No
<b>Vista View Apartments</b>	1300 Renaissance Cir. Charleston, WV 25311	Kanawha	2/16/17	No Response
<b>Vista View Apartments</b>	1300 Renaissance Cir. Charleston, WV 25311	Kanawha	3/1/17	No
<b>Wilshire Landing Apartments</b>	719 Northridge Dr. Lewisburg, WV 24901	Greenbrier	Unable to contact	N/A

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# CDBG-DR Duplication of Benefits Policies and Procedures

(updated March 1, 2017)



West Virginia Development Office

## Duplication of Benefits Policy

The Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act) mandates that all recipients of federal disaster recovery funds ensure that no "...person business concern or other entity..." receive duplicative assistance.<sup>1</sup> A duplication of benefits (DOB) occurs when a beneficiary receives assistance, and the assistance is from multiple sources and the amount exceeds the need for a specific recovery purpose. Assistance to each applicant, person and/or entity differs extensively based on insurance coverage and eligibility for federal funding. Thus, West Virginia is ever-mindful that it cannot comply with the Stafford Act until it completes a DOB analysis for each applicant. The state understands that a DOB occurs when a beneficiary receives assistance, and the assistance is from multiple sources and the amount exceeds the need for a specific recovery purpose. The purpose of this document is to outline how the state of West Virginia, Department of Commerce (WVDOC), will assure that all applications for assistance from the programs funded by the WVDOC (both housing and non-housing), and projects implemented by WVDOC grantees, contractors and subrecipients, will be reviewed for possible duplication of benefits. The procedures described hereinbelow are also applicable to all WVDOC grantees and subrecipients, and must be incorporated in the design and administration of the programs/projects undertaken by those entities.

CDBG-DR funding intends to address the unmet needs of a community. This assistance is intended to supplement, not replace, other public, private and nonprofit sector resources that have already been provided for the same loss or need. The funds are supplemental to primary forms of assistance, including private insurance and FEMA funds. To avoid duplicative assistance and potential de-obligation of funding, the State must utilize all possible funding sources before applying CDBG dollars to a project. CDBG-DR programs are typically implemented after temporary disaster assistance programs, such as FEMA Individual Assistance and are not intended to make someone whole.

The Stafford Act established the requirements for Duplication of Benefits (DOB) analysis and more recently, the Clarification of Duplication of Benefits Requirements Under the Stafford Act for Community Development Block Grant (CDBG) Disaster Recovery Grantees provided additional guidance on how Grantees should determine duplication of benefits. The Stafford Act prohibits entities, including households, from receiving disaster recovery funding for a loss which has previously received financial assistance from any source. DOB verification and analysis ensures that program funds compensate applicants for damages and needs that have not been addressed by an alternate source, either through funding or assistance.

The West Virginia Department of Commerce (WVDOC)'s Disaster Recovery Division will ensure that a DOB analysis is performed for each applicant to consider all possible disaster recovery funding sources when processing applications for assistance. Common disaster assistance sources include but are not limited to:

- Federal Emergency Management Agency (FEMA)
- Small Business Administration (SBA)
- National Flood Insurance Program (NFIP)

---

<sup>1</sup> Stafford Act, Title III, Sec. 312(a)

- Increased Cost of Compliance (ICC)
- Private Insurance
- Private and nonprofit disaster assistance

Once sources are identified, WVDOC determine an applicant's unmet need. Specifically, the WVDOC will compare the total assistance previously received to the total estimated need for each applicant. Per the Stafford Act, the WVDOC will confirm that the applicant spent all previously received funds for their intended purpose. Funds of similar intent are considered duplicative unless the applicant still has an unmet need. The WVDOC will verify eligible use of funds by collecting pertinent source documentation from third parties such as invoices from a contractor, receipts from a building supply store, or utilizing an inspection to determine repair expenses incurred by an applicant. If the documentation or inspection verifies that the applicant spent all previously received funds in accordance with the funding intent, then no duplication exists and the applicant may be eligible to receive assistance for any remaining unmet need under CDBG-DR.

Duplication exists when funds are not spent in accordance with the funding intent. If recovery funds are not appropriately spent, the applicant may have a disaster recovery need called the DOB Gap. The DOB Gap is the amount of remaining need not eligible for additional assistance. To account for a DOB Gap, the applicant may pay the difference and receive the full eligible amount or either accept a reduction in their proposed benefit.

A specific risk for public infrastructure projects relates to CDBG funds that may be used for the same purpose as FEMA's Public Assistance funds. In the application process, the WVDOC will make clear the need for CDBG funds beyond those received by FEMA, insurance, and other funding. A basic framework for infrastructure DOB calculation is shown in Table 4 of the Clarification of Duplication of Benefits Requirements Under the Stafford Act for Community Development Block Grant (CDBG) Disaster Recovery Grantees (76 FR 71060, published November 16, 2011). When utilizing multiple funding sources, WVDOC will assign budget line items to each source and document expenditures within the assigned budget. To ensure the multiple funding sources are adequately tracked, project payments will be reconciled to applicable budget line items so WVDOC is aware of each funding source's remaining balance throughout the project.

## Applicable Guidance

[HUD Duplication of Benefits Clarification \(76 FR 7160, published November 16, 2011\)](#)  
[The Stafford Act](#)

## Duplication of Benefits Procedure

### Prevention of Duplication of Benefits

Under federal law, duplication of benefits (DOB) must be deducted from the assistance amount (the amount that will be offered for the purchase of the property or the repair of the structure). The following are sources of funding assistance provided for structural damage and loss that are considered DOB: FEMA Individual Assistance (IA); FEMA National Flood Insurance Program (NFIP); Private Insurance; Small Business Administration (SBA); and other sources. Funding assistance provided for other purposes, such as temporary relocation or contents, will not be counted as a DOB unless the applicant submits eligible expenses. Assistance received in the form of services, instead of money, for property repairs from any source is not considered a duplication of benefits. Any additional DOB received by the applicant after the CDBG-DR assistance is awarded must be applied to reduce the award amount. Funds received from any source, including flood insurance, FEMA, and hazard insurance, that were used to cover repair(s) to the property do not reduce the amount of disaster assistance if the evidence of expenditures at least equals the amount of assistance. Documentation acceptable to WVDOC must be provided demonstrating the cost and type of repair conducted. For example, if the cost of repairs was greater than the funds received, then the funds available for flood repairs will not be reduced. If the cost of repairs was less than the funds received, then the funds available for flood repairs will be reduced.

### Previous Benefits Verification

The State's Case Managers will collect information from program applicants necessary to verify previous assistance payments for property damage from the June 2016 flooding. The Verification of Benefits (VOB) Team will utilize the best available data from all sources of assistance prior to award. Specifically, the VOB team will access the most recent data files which include previous payment benefits paid for real property repairs to determine if there was a previous benefit paid to the interested applicant(s) or any member of the household to repair structural deficiencies caused by the flooding. All sources of previous benefits paid will be requested from the applicant(s) or any member of the household and must be disclosed on the application. The following duplication of benefits sources will be verified:

- FEMA – Federal Emergency Management Agency (Individual Assistance)
- SBA – Small Business Administration Disaster Loans
- NFIP – National Flood Insurance Program (NFIP)
- ICC – Increased Cost of Compliance
- Private Insurance Claims
- Other federal, state or local funding
- Other nonprofit, private sector or charitable funding

For each of these sources, the VOB Team will request payment data made for damages to the applicants' primary dwelling caused by the June 2016 floods. A review of SSN and property address will be conducted with each source to determine if assistance was provided.

### Federal Emergency Management Agency (FEMA)

FEMA funds are verified by searching the database provided by FEMA for the flood. First, the VOB Team shall search by damaged residence address. If damaged address is found, the name associated with the FEMA amount will be matched against the applicant(s) name. Research will be conducted if the name is different than the program applicant(s). If the VOB Team is unable to find FEMA data using the damaged residence address, a search using the applicant(s) SSN will be conducted and verified against the names and addresses for any matches found.

If a FEMA match is found, the Rehab/Reconstruction amounts provided by FEMA will be considered a duplication of benefit. If an applicant receives funding for Temporary Living Expenses, it will not be counted as a DOB unless the applicant has submitted eligible temporary living expenses. Then, the temporary living funds shall be applied first to offset eligible expenses. If additional expenses remain, the Rehab/Reconstruction amounts may be used to offset the balance. If no FEMA match is found, the duplication of benefit amount will be considered zero.

### Small Business Administration (SBA)

SBA funds are verified by searching the database provided by SBA for the flood. First, the VOB Team shall search by damaged residence address. If damaged address is found, the name associated with the SBA amount will be matched against the applicant(s) name. Research will be conducted if the name is different than the program applicant(s). If the VOB Team is unable to find SBA data using the damaged residence address, a search using the applicant(s) SSN will be conducted and verified against the names and addresses for any matches found.

If an SBA match is found, the Real Estate amount provided by SBA will be considered a duplication of benefit unless the funds were spent for the intended purpose of the loan. CDBG-DR funds cannot be used to pay down an SBA loan. If no SBA match for Real Estate is found, the duplication of benefit amount will be considered zero.

### National Flood Insurance Program (NFIP)

NFIP funds are verified by searching an Excel spreadsheet provided by NFIP for the flood. First, the VOB Team shall search by damaged residence address. If damaged address is found, the name associated with the NFIP claim will be matched against the applicant(s) name. Research will be conducted if the name on the claim is different than the program applicant(s). If the VOB Team is unable to find NFIP data using the damaged residence address, a search using the applicant(s) SSN will be conducted and verified against the names and addresses for any matches found.

If an NFIP match is found, the Building payment amount provided by NFIP will be considered a duplication of benefit. NFIP payments for contents will not be counted as a DOB. If no NFIP match for a Building payment is found, the duplication of benefit amount will be considered zero.

### **Increased Cost of Compliance (ICC)**

ICC funds are included in the NFIP database. If a match for an ICC payment is found, the payment will be considered a duplication of benefit.

### **Private Insurance Claims**

If an applicant(s) states they received private insurance funds, the Case Manager will collect insurance claim documentation from the applicant(s). To verify private insurance claims, a verification request, along with a Release Form signed by the applicant(s), will be sent by the VOB Team to the insurance company's designated contact.

Verified amounts paid to the applicant(s) for physical dwelling damage will be considered a duplication of benefit. Amounts received for contents damage are not counted as DOB.

**Settlements:** If an applicant received payment from a civil action, or settlement, from the insurance company, the applicant must provide a copy of the settlement check breakdown. The Settlement documentation will be reviewed to determine if "Structural" or "Dwelling" damage is mentioned in the settlement. If no settlement breakdown can be provided the full amount received will be counted as a DOB.

If the Agreement states that any of the settlement funds were paid for dwelling or structure damage/repair, the amount (Settlement amount less attorney's fees and expenses) found on the settlement check breakdown will be considered a duplication of benefit. If there was an initial claim payment made prior to the settlement, this amount will be included in the duplication of benefit. If dwelling damage is NOT mentioned in the settlement, only the original claim payment is considered a duplication of benefit.

### **Other Sources**

Applicants will provide documentation to their Case Manager showing funds received from other federal, state, and local sources other than those listed above, as well as non-profit charitable funding. These funds will be verified by the VOB Team directly with the entities. Contact information for the entities will be provided by the applicants. Verified amounts for dwelling damage received by the source will be considered a duplication of benefit. Amounts received for contents damage are not counted as DOB.

## **Basic Framework for Calculating Program Awards**

In accordance with the *Clarification of Duplication of Benefits Requirements Under the Stafford Act for CDBG-DR Grantees (FR-5582-N-01)*, the WVDO will use the following methodology for calculating disaster recovery awards.

1	Identify Applicant's Total Need Prior to Any Assistance	\$90,000
2	Identify All Potentially Duplicative Assistance	\$35,000
3	Deduct Assistance Determined to be Duplicative	\$25,000
4	Maximum Eligible Award (item 1 less than item 3)	\$65,000
5	Program Cap (to be determined)	\$40,000
6	<b>Final Award (lesser of items 4 and 5)</b>	<b>\$40,000</b>

## **Subrogation of Funds**

Subrogation is the process by which duplicative assistance is paid to an applicant after receiving an award of CDBG-DR funds and is remitted to the program to correct a duplication of benefit. Applicants will be required to subrogate any additional funds received for damage caused by the flood to the State of West Virginia. CDBG-DR funding must be the funding of last resort, and if additional funds are paid to an applicant for the same purpose as the assistance they receive through CDBG-DR funding after the State has completed repair/rehabilitation of their home, those funds must be returned to the State of West Virginia.

All applicants to the program will be required to sign a Subrogation Agreement which will include a provision substantially similar or identical to the following:

*"In consideration of applicant's receipt of funds or the commitment by Subrecipient to evaluate applicant's application for the receipt of funds under the CDBG Disaster Recovery Program (CDBG-DR) administered by Subrecipient, Applicant hereby assigns to Subrecipient all of Applicant's future rights to reimbursement and all payments received under any policy of casualty or property damage insurance or under any reimbursement or relief program related to or administered by the Federal Emergency Management Agency or the Small Business Administration ("SBA") for physical damage to the Structure."*

If it can be established that an applicant has additional need, the subsequent funds would not be considered a duplication of benefit (76 FR 221, 71062). However, if additional need is not demonstrated, disaster recovery funds must be recaptured to the extent they are more than the need and duplicate other assistance received by the applicant for the same purpose. If CDBG-DR funds were provided last and unknowingly create duplication, the method of recapturing those CDBG-DR funds will be consistent with HUD 2 CFR 200.

## Permissible Expenses

Not all assistance received by an applicant may be considered as having been available to the applicant; therefore, there are types of assistance received by an applicant which will not constitute a duplication of benefits for housing rehabilitation or reconstruction. The WVDOC will allow for reductions to duplicative assistance totals if the applicant can prove that the use, or control, of the funds meets certain criteria. Such permissible expense types may include, but are not limited to the following:

- Eligible Repairs
- Forced Mortgage Payoff
- Legal Fees
- Contractor Fraud
- Temporary Living Expenses

Since each eligible expense could potentially increase an applicant's grant amount, each expense type requires certain documentation prior to being considered in the award calculation.

### Eligible Repairs

Funds spent to repair or reconstruct the damaged property may be eligible to reduce the calculated DOB. The applicant will be required to submit third party documentation such as invoices or receipts as well as proof of payment such as a bank statement. If adequate documentation cannot be provided an inspection may be conducted to estimate amount spent on repairs or reconstruction. Once the expenses are verified and deemed eligible, the amount of eligible repair expense reduces the DOB calculation.

### Forced Mortgage Payoffs

Forced mortgage payoffs may be deducted from an applicant's calculated DOB if they provide a letter, on official letterhead from the mortgage company, stating the total amount of insurance funds used to pay off or reduce the lien. The letter must also include language that the payoff was required (forced) by the mortgage company. The letter must also note the address of the property so that we can verify that the lien was for the disaster address. Voluntary payoffs do not qualify for a reduction to the calculated DOB. If sufficient documentation for Forced Mortgage Payoff reduction has been provided the amount of the forced mortgage payoff reduces the DOB calculation.

### Legal Fees

In the event of legal fees incurred due to insurance settlement or contractor fraud, a reduction for amounts paid to attorneys in obtaining settlement funds is allowable. Most amounts captured for settlements will be net of the attorney's fees already. It may be necessary to review the settlement payment breakdown to confirm whether the gross or net amounts were included. If sufficient documentation for Legal Fees is provided the amount of the legal fees reduces the DOB calculation.

### Contractor Fraud

To receive a DOB reduction for contractor fraud, applicants must have filed a complaint with a state or local agency with authority to act against, or otherwise penalize, the contractor. This can be the local District Attorney, State Attorney General, Department of Insurance, etc. This complaint must have been filed prior to initial contact for interest in applying for CDBG-DR funding, and include the contractor's name and a specific amount for which the applicant claims to have been defrauded. If sufficient documentation for Contractor Fraud is provided the amount of the contractor fraud reduces the DOB calculation.

### Temporary Living Expenses

Funds spent by the applicant for temporary living expenses from the date of the storm for which the program was established may be deducted from the calculated DOB. Documents required for interim housing deductions can include hotel receipts, apartment leases, rental agreements, rental receipts, and/or proof of payment for other temporary living arrangements. Food expenses are ineligible for a DOB reduction. If sufficient documentation for Temporary Living Expenses is provided the amount of the temporary living expenses reduces the DOB calculation.

## SBA Hardship

Per the HUD Guidance on Duplication of Benefit Requirements and Provision of CDBG Disaster Recovery Assistance applicants are not required to have previously applied for SBA funds to be eligible for CDBG-DR assistance. Furthermore, if an applicant applied and received approval for SBA funding, but declined assistance additional review of the application for CDBG-DR funding will occur if requested by the applicant. Applicants must submit an SBA hardship form that includes the approved SBA loan amount and the reason for declining the SBA loan, and attach accompanying documentation that supports the declination. The hardship will be evaluated in conjunction with the potential approved CDBG-DR award to determine if the amount of CDBG-DR funding is appropriate and necessary to assist the applicant in recovery.

SBA hardships will be evaluated and granted on a case-by-case basis. Potential reasons for hardship include but are not limited to:

- Bankruptcy
- Divorce
- Death of immediate family member
- Significant increase in medical expenses due to injury or illness
- Job loss or significant reduction in income

## Repayment/Recapture

Instances may arise where an applicant must return all or part of the awarded funding to the respective program. WVDOC is responsible for recapturing duplicative funds from applicants. This section articulates the policies that will guide West Virginia's CDBG-DR program in its efforts to recapture funds that have been overpaid to applicants. WVDOC will ensure CDBG-DR grant disbursements are compliant in accordance with West Virginia's Action Plan and any subsequent amendments, the grant agreement executed by and between West Virginia and HUD, and any state and federal regulations. Under the CDBG-DR program applicants are awarded funding pursuant to policies and procedures outlined by the specific program from which funding was sought.

CDBG regulations (24 CFR 570.502) governing grant administration and OMB cost principles (2 CFR 200.403 (a)) require that payment of CDBG-DR funds to beneficiaries be necessary and reasonable; and prohibit beneficiaries from retaining excess funds not used for eligible, approved costs. The provision of CDBG-DR funds in excess of what is needed for immediate use is also prohibited (2 CFR 200.305 (b) (1)). In addition, the Stafford Act and the CDBG-DR Notice indicate that funding may only be provided to the extent that it does not duplicate funding provided to a beneficiary for the same purpose.

### DOB and Repayment/Recapture Examples

CDBG-DR funding may only be provided to the extent that it does not duplicate funding provided to a beneficiary for the same purpose.

Common examples of duplicative funding include, but are not limited to:

- Payments under the National Flood Insurance Program (NFIP);
- Payments from private insurance;
- Funding from the Federal Emergency Management Agency (FEMA);
- Small Business Administration (SBA) loans; or
- Charitable donations or work performed by not-for-profits

Common circumstances that may result in a revision to an award, which then may require repayment from an Applicant:

- DOB (as noted above)
- Scope of work change
- Ineligibility
- Substantial program non-compliance
- Awards from multiple programs
- Voluntary withdrawals
- Fraud

### Recapture/Repayment Process

All applicant files will be reviewed and reconciled for accuracy to ensure DOB did not occur. Once this process has been completed, if an applicant has been identified as receiving a

potential overpayment, WVDOC will document the amount and basis for the repayment in a written letter to the applicant. In addition the letter will contain the conditions for repaying funds and all appeal rights available to the applicant.

If an appeal is made to WVDOC's determination, WVDOC will review the written appeal and issue a final written determination of its decision. Appeals may be denied or granted in whole or in part. WVDOC will only review facts and information already included in a applicant's file, unless the applicant submits new documentation. WVDOC has the discretion to accept or reject new documentation based upon its relevance to the appeal. If the applicant fails to file an appeal with WVDOC within the time allotted, the inaction will be deemed as an acceptance of the determination and a waiver of any further right to contest or appeal the amount to be repaid. In addition, if the applicant's appeal is denied or there is failure on the part of the applicant to appeal within the allotted timeframe, WVDOC will proceed with collecting the repayment amount.

If the appeal resulted in a revision to the award amount or eligibility the applicant will sign a new grant agreement and fulfill any requirements related to such changes, if needed and will work to repay the remaining overdue amount, if any.

Once it has been determined that the applicant must return funds to the CDBG-DR grant fund, the applicant must repay their funds in a timely manner. All repayments shall be expected to be repaid in full as one lump sum amount. WVDOC will review any applicant claims of financial hardship, and may make limited accommodations in some cases.

All funds recovered as a result of this policy will be tracked in DRGR and returned to the state's CDBG-DR account or U.S. Treasury in the event that the CDBG-DR grant has been closed out.



# West Virginia Community Advancement and Development

CDBG-DR Policies and Procedures  
to Determine Timely Expenditures  
2017



West Virginia Development Office

## Overview

The State of West Virginia received \$104,280,000 in CDBG - DR funding from HUD for recovery programs stemming from Federal Disaster 4273 (CDBG-DR Program or Program). The CDBG-DR Program will be administered by the West Virginia Department of Commerce (WVDOC); specifically, the Community Advancement and Development Unit / Economic Resiliency Unit (CAD/ERU). To ensure that fraud, waste, and misuse of funds does not occur, effective controls must be in place and monitored for compliance. This specific policy and set of procedures will be utilized by WVDOC to ensure the timely expenditure of funds for the CDBG-DR Program.

The CAD/ERU which oversees the CDBG-DR Program will be primarily responsible for the tasks described herein. The Finance / Administration team within this Unit will also be consulted monthly for updates regarding expenditures within the CDBG-DR Program.

In order to ensure the timely expenditure of the CDBG-DR Program funds and in compliance with 81 FR 83254 and 82 FR 5591 these procedures shall set forth for the CDBG-DR Program:

1. How expenditures will be tracked each month;
2. How expenditures of recipients and subrecipients will be monitored;
3. How funds will be reprogrammed in a timely manner for activities that are stalled;
4. How the State will project expenditures to provide for the expenditure of all CDBG-DR funds within 6 years of HUD's execution of the grant agreement; and,
5. Which personnel or unit will be responsible for the various tasks.

## Expenditure Tracking

All expenditures made for the CDBG-DR Program will be tracked in wvGMS, the grant management system of record that tracks project milestones, budgets, and all key data regarding activities funded under the Program. Each Program manager (Housing Program Manager, Infrastructure Program Manager, Broadband Program Manager) will be required to review the project expenditures under their programs on a weekly basis. The reports will be generated at the close of each week under wvGMS via an automatic report. This report will contain such key data points as program budget, program expenditures to date, balance of program budget, and comparison of current week's expenditures to prior week's expenditure. Performance measures will also be incorporated into the reports to ensure expenses are tracking against program goals. As discussed in detail below, Program managers will be required to provide an update from these reports at the weekly CDBG-DR Program leadership meeting so that expenditures are routinely discussed and issues addressed as necessary.

Additionally, the Finance/Administration Unit within WVDOC will keep records of all expenditures processed on behalf of the CDBG-DR program. WVDOC processes all payments through the Auditor's Office and Treasurer's Office in accordance with the WVDOC/WVOEO Accounting Policies and Procedures. Payment requests will be generated in the wvGMS system and electronically remitted to the WVDOC/WVCAD Finance / Administration Unit for payment. The WVDOC/WVCAD Finance / Administration Unit will make payments on behalf of the CDBG-DR program and provide a report to the WVDOC/WVCAD CDBG-DR Program team which will be used to reconcile the payments made to the wvGMS system of record.

## Expenditure Monitoring

CDBG-DR Program managers will receive expenditure reports on a weekly basis from wvGMS. These reports will allow the Program managers to monitor expenditures and identify any projects that are stalled. Program managers will report on the status of actual expenditures to the Program budget at each weekly recurring Program management meeting. Reports shall include the following:

1. Name of program
2. Date of award
3. Date of drawdown
4. Deadline for expenditure
5. Award amount
6. Current expended amount
7. Balance remaining to expend
8. Status of milestone accomplishments
9. Identification of barriers to achieving expenditure milestones and/or requirements.
10. Action plan to specifically resolve any identified barriers including responsible party for actions required and timelines for accomplishment of resolution.

Further monitoring of Program expenditures will be conducted by the WVCAD Compliance Unit in its routine course of oversight of all Program activities. Any deficiencies or weaknesses noted shall be resolved pursuant to the WVDO Monitoring Plan and Procedures as well as any applicable provisions of the WVOEO Accounting Policies and Procedures.

## Reprogramming Funds

If a project is stalled and is unable to demonstrate progress within the timeframe established by CAD/ERU, then those funds shall be eligible for reprogramming. The Program manager will be responsible for providing leadership with the reason for the continued delay, a status of efforts implemented to resolve the delays, a recommendation for the reprogramming of funds, and a specific plan of action to effectuate the same. Any such recommendation will be reviewed and approved or denied by the Deputy Director of Community Advancement & Development / Economic Resiliency Unit in consultation with the Executive Director of the West Virginia Development Office and the Secretary of Commerce as appropriate.

If funds are reprogrammed due to a significant delay deemed unable to be resolved, then a Substantial Amendment to the CDBG-DR Action Plan shall be immediately prepared and submitted to HUD as appropriate and in conformance with all grant requirements and the WVDOC's Citizen Participation Plan. A priority consideration for any funds reprogrammed shall be the expenditure rate on the proposed

## Expenditure of Funds Within Six Years

The CAD/ERU will adhere to the six-year expenditure period and will track expenditure projections based on key data points, beginning with the date the grant agreement is signed. CAD/ERU will submit a complete projection of expenditures within 90 days of submission of the initial Action Plan through the DRGR (Disaster Recovery Grant Reporting) system. Revised projections will be sent to HUD when

program changes impact projected outcomes, funding levels, and recovery timelines. Additionally, expenditures will be tracked in DRGR through the Quarterly Performance Reporting process.



**CDBG-DR Anti-Fraud, Waste and Abuse  
Policies and Procedures  
2017**

## Anti-Fraud, Waste, and Abuse (AFWA) Policy

West Virginia will implement adequate measures to detect and prevent fraud, waste, and abuse in all programs administered with CDBG-DR dollars. Applicant provided information and documentation will be verified for accuracy to ensure that discrepancies are resolved before awards are made. AFWA verifications will be conducted systematically, utilizing Melissa Data® for consistency and equitable treatment across applications. Melissa Data® is a database of addresses recognized by the US Postal Service. The record set contains all data for all addresses in the United States. Each address is properly formatted in a way consistent with a standard the postal service recognizes. This data is used to automatically verify certain data provided by applicants, confirming data points such as the damaged street address, county, and zip code.

Common AFWA verifications to be performed for program applications include:

### County Eligibility Requirement

The damaged property must be located within one of the 12 eligible counties.

#### Automated Verification Process

The State's grant management system will attempt to confirm the county utilizing Melissa Data®. If the County can be automatically verified, then the grant management system will "Pass" the requirement. If the verification fails, the verification team will move to the manual verification process.

#### Manual Verification Process

This process is to be conducted when the automated process is unable to match the required data points. In certain cases, where the name in Melissa Data® isn't an exact match, the verification team will use discretion and manually verify a match (i.e. typos, one letter off, or shortened names such as Willie and William). In extreme cases, where the names in question cannot be easily proven to be one of the same, a name affidavit may be requested to be completed by the applicant before manually verifying a check. Using the local Municipality Central Appraisal District (CAD) website or documentation provided by the applicant the verification team will complete a manual review. If a match can be confirmed the verification team will "Pass" the requirement. If the verification team cannot confirm a match then the team will "Fail" the requirement.

The verification team will review the following supporting options to manually confirm that the listed address is located in one of the eligible counties:

- Local Municipality Central Appraisal District (CAD) website
- FEMA Inspection Report
- SBA Inspection Report
- NFIP Inspection Report
- Privately Contracted Inspection

## **Disaster Damage Eligibility Requirement**

The damaged property must have received damage from the June 2016 flood.

### **Automated Verification Process**

The State's grant management system will confirm disaster damage utilizing data sets from FEMA, NFIP, and/or SBA. If data can be automatically verified, then the grant management system will "Pass" the requirement. If verification fails, the verification team will move to the manual verification process to complete the verification.

### **Manual Verification Process**

The manual verification process is to be conducted when the automated process is unable to match the required data points. The verification team will use the documentation provided by the applicant to complete a manual review. If a match can be confirmed the verification team will "Pass" the requirement. If the verification team cannot confirm a match then the team will "Fail" the requirement.

The documentation may include, but is not limited to, one of the following items:

- FEMA Claim Letter for housing repair demonstrating payment for structure damage
- SBA Loan documentation demonstrating payment for structure damage
- NFIP Claim payment for structural damage
- Private Insurance Claim paid for structural damage
- Litigation payment resulting from a denied insurance claim or potential payment due to pending litigation
- Photos submitted by the applicant, and attested to as disaster-damage, as part of the application
- A damage assessment completed by a qualified program inspector complete with photos and written assessment confirming damage

## **Primary Residence Eligibility Requirement**

For the housing program activities, the damaged property must have been the applicant's primary place of residence at time of the June 2016 flood and must continue to be the principal residence once the construction phase is complete. For the LAP program, the damaged property must have been the primary place of residence of a tenant at time of the June 2016 flood and must continue to be the principal residence once the construction phase is complete.

### **Automated Verification Process**

The State's grant management system will confirm primary residence utilizing data sets from FEMA and Melissa Data®. If data can be automatically verified, then grant management system will "Pass" the requirement. If verification fails, the verification team will move to the manual verification process to complete the verification.

### **Manual Verification Process**

The manual verification process is to be conducted when the automated process is unable to match the required data points. The verification team will use the documentation provided by the applicant to complete a manual review. If a match can be confirmed the verification team

will “Pass” the requirement. If the verification team cannot confirm a match then the team will “Fail” the requirement.

The documentation may include, but is not limited to, one of the following items:

- Federal or State income tax return with permanent home and damaged property address matching (2016 returns for applicant or co-applicant)
- Government-issued identification issued prior to date of the flood, and expiring after date of the flood
- Property tax homestead exemptions for damaged property address (confirmed with county appraisal districts)
- Insurance documentation indicating the insured property matching the damaged property address as the primary residence
- Utility bill for June 2016 with the name of the applicant (major utilities, such as electricity, gas, or water with the service address matching the street address of the home)
- Vehicle registration or renewal for impacted year or Certificate of Title issued for vehicle in impacted year with the applicant’s name and damaged property address listed
- Receipt of government benefits received for June 2016 showing applicant’s name and damaged property address (Examples include: Social Security, Medicare, LIHEAP, Medicaid, WIC, and Unemployment)
- Voter’s registration with damaged property address valid at the time of the disaster
- Merchant’s statement addressed to the applicant at the damaged home address and dated June 2016 (Examples include: merchant billing statements, credit card bills, delivery notices, or other first class mail)
- Employer’s statement addressed to the applicant at the damaged home address and dated during June 2016 (Examples include: pay stubs and similar documents)

### Owner Eligibility Requirement

At least one person on the application must demonstrate an ownership interest in part or in whole on the property.

#### Automated Verification Process

The State’s grant management system confirms ownership utilizing data sets from Melissa Data®. If data can be automatically verified, then the grant management system will “Pass” the requirement. If verification fails, the verification team will move to the manual verification process to complete the verification.

#### Manual Verification Process

The manual verification process is to be conducted when the automated process is unable to match the required data points. The verification team will use the documentation provided by the applicant to complete a manual review. If a match can be confirmed the verification team will “Pass” the requirement. If the verification team cannot confirm a match then the team will “Fail” the requirement.

The documentation may include, but is not limited to, one of the following items:

- Deed or official record for the home,
- Mortgage payment book or other mortgage documents,
- Real property insurance policy, and/or
- Property tax receipts or tax bill

Alternative forms of ownership documentation that may be considered:

- Life estate deed – must show the applicant as the grantee of the damaged property (if transferred upon the death of another, a death certificate of prior owner is required)
- Probated will, court order, or judgment granting the applicant an ownership interest in the damaged property;
- Divorce decree – if ownership was obtained consequent to a divorce the decree must specify the damaged property was granted to the applicant;
- Contract for sale or rent-to-own deed – If the applicant purchased the property in a private owner sale via contract for sale the contract must be satisfied and a warranty deed granting the property to the applicant must be recorded in the property records. The original contract and subsequent warranty deed are required; and
- Other documentation will be reviewed and considered on a case-by-case basis.

#### *Manufactured Housing Units (MHUs)*

If the damaged property is a manufactured housing unit, the applicant may submit one of the following document(s):

- Property title or mobile home certificate of title;
- Bill of sale dated prior to the June 2016 flood showing applicant name as owner;
- State-issued Manufactured Certificate of Origin dated prior to the June 2016 flood showing the name of the applicant as the owner. If the applicant was under a Lease Purchase Agreement for the property and/or damaged MHU in June 2016, the contract must be satisfied and a warranty deed granting the property to the applicant must be recorded in the property records. The original contract dated prior to the disaster and subsequent warranty deed are required; and
- Other forms of MHU ownership, which may be considered on a case-by-case basis.

#### *Owner of Record Death*

If the applicant is applying for a property where the owner of record died after the June 2016 flood, the applicant may be eligible for assistance if they can demonstrate they have an ownership interest in the damaged property AND show proof the damaged property was their primary residence or a tenant's primary residence (refer to Primary Residency Policy) at the time of the flood. The applicant must submit one of the following items to prove an ownership interest in the property:

- A probated will for the deceased owner, which is legally enforceable, granting the property to the applicant in the estate administration; or
- An heirship affidavit that has been recorded in the property records that demonstrates the applicant is a direct heir to the property, accompanied by a copy of the deceased

owner's death certificate, and the deceased owner's warranty deed or other proof to show the deceased's ownership of the property.

#### *99-Year Lease*

An applicant may be considered to fulfill the ownership requirement if the owner/occupant is the lessor on a lease of the real property, which has a 99-year term or greater.

#### *Ownership by a Trust*

If any percentage of the damaged property was transferred to the applicant through a family trust by the prior owner of the property, a copy of the trust document that has been recorded in the property records will satisfy the ownership requirement.

### Citizen Eligibility Requirement

At least one applicant owner must demonstrate US citizenship.

#### Automated Verification Process

The State's grant management system will confirm citizenship utilizing data sets from FEMA and SBA. If data can be automatically verified, then the grant management system will "Pass" the requirement. If verification fails, the verification team will move to the manual verification process to complete the verification.

#### Manual Verification Process

The manual verification process is to be conducted when the automated process is unable to match the required data points. The verification team will use the documentation provided by the applicant to complete a manual review. If a match can be confirmed the verification team will "Pass" the requirement. If the verification team cannot confirm a match then the team will "Fail" the requirement.

The documentation may include one of the following items:

- Passport (valid or expired)
- Birth Certificate (verified against government issued photo ID)
- Certificate of Naturalization
- Proof of FEMA assistance (accepts FEMA citizenship check as part of eligibility)
- Proof of SBA assistance (accepts FEMA citizenship check as part of eligibility)

### Income Eligibility Requirement

The program will comply with HUD's CDBG National Objective that applicants meet the total household income to qualify as low to moderate income.

#### Automated Verification Process

The State's grant management system will use a manual process to identify income documentation. There is not an automated process for income verification.

## Manual Verification Process

The verification team will use the documentation provided by the Applicant to complete a manual review. If a match can be confirmed the verification team will "Pass" the requirement. If the verification team cannot confirm a match then the team will "Fail" the requirement.

Utilizing income documentation submitted, the program will calculate the income for all adult household members using the HUD AGI method.

The program will use the Internal Revenue Service (IRS) Form 1040 definition of income, as set forth in HUD regulations, for the purpose of determining all applicants' eligibility for this West Virginia CDBG-DR funded program. The IRS Form 1040 method of calculating income is often referred to as the Adjusted Gross Income or AGI method.

To ensure program compliance with HUD's National Objective applicant households must be low to moderate income with a total household annual gross income that does not exceed 80% of Area Median Income (AMI), adjusted for family size, as published annually by HUD. Applicants will be screened for income eligibility through submission of specific required income documentation or third party data sources.

A household is defined as all persons occupying the same housing unit, regardless of their relationship to each other. The occupants could consist of a single family, two or more families living together, or any other group of related or unrelated persons who share living arrangements. Household members are all persons (minors and adults) who are living in the damaged home. For housing activities, the test of meeting the low to moderate income objective is based on the total adjusted gross income of all of household members.

- The Program will use the following rules to determine the income of household members to be included in the household income calculation: Minors - Earned income of minors, including foster children (under 18) is not counted. Unearned income attributable to a minor is included in the household income calculation (Examples include payments from trusts, stocks, bonds, etc. if the payments are taxable at the federal level).
- The income of temporarily absent family members is counted in the annual income, regardless of the amount the absent member contributes to the household. Temporarily absent family members are also counted as a member of the household when determining the household size.
- In situations where family members are permanently absent such as when a spouse is in a nursing home, the head of household has the choice of excluding the individual in the household composition, as well as any taxable income they receive. However, if the absent family member is included in the household composition, the taxable income must also be included in the total household income calculation.

In the event that one of the following special circumstances applies, the income of the referenced individuals will be excluded from the total household income calculation:

- Persons who are temporarily living with the applicant,

- Persons who are employed by the household as a live-in aide and/or are a child of that aide. Note: A live-in aide/caregiver that is related does not qualify. In such cases, their income will be included in the total household income calculation and the live-in aide and any child of the aide will be included in the total household composition; and
- If an applicant is married and their spouse is absent from the household, the income of the absent spouse will not be included in the total household income if documentation of a separate residence for the absent spouse is provided.

All household members included in the AGI calculation, if required to file, must provide a copy of their previous year's filed tax return or tax return transcript, if available, in order for the AGI of the household to be calculated. The program will allow use of the previous tax year's tax return in determining household AGI and no other documentation will be required. (For example, an applicant applying for disaster recovery assistance in October 2017 will use the 2016 tax year's return or tax return transcript from tax year 2016).

There may be situations where a household member may have had no obligation to file a return, have not yet filed it, or filed an extension. If any household member did not file a prior year income tax return, the household member is required to submit current documentation that reflects their current income. The following income documentation will be required for each household member only if the type of income is applicable and if a prior year income tax return is not available:

- Wages:
  - 3 paystubs from most recent 90-day period prior to date of application, they do not need to be consecutive unless pay frequency is monthly;
- Retirement/Social Security:
  - Current Social Security Benefits letter (including benefits paid to minors),
  - Current Pension/Retirement Benefit letter (if applicable), or prior year 1099, and
  - Current Annuity Payment letter (if applicable), or prior year 1099;
- Self-Employment Income:
  - Most recent tax return (1040 or 1040A), and/or
  - Current year profit and loss statement;
- Rental Income:
  - Current lease agreement(s);
- Unemployment Benefits:
  - Current benefit letter with gross benefit amount;
- Court Ordered Alimony/Spousal Maintenance:
  - Copy of court order documentation;
- Taxable Interest and Dividends (including amounts received by, or on behalf of minors):
  - Most recent statement or prior year 1099; and
- Documentation for other less common types of income which may be taxable at the federal level and will be assessed by the Program based on type of income reported.

Landlord Assistance Program (LAP):

- While landlords will not be required to have a low to moderate Income, they will be required to agree to an affordability period that necessitates the owner(s) to lease the unit(s) to LMI households earning 80% or less of their county AMI and to lease the units at affordable rental fees.

## Structure Eligibility Requirement

Property must be a stick built home, modular home, or manufactured housing unit (MHU).

### Automated Verification Process

The State's grant management system will set the "Structure Eligibility" field to "Pass" when the applicant selects an approved structure type. This data is later verified through the manual process listed below.

### Manual Verification Process

The verification team will use the documentation provided by the applicant to complete a manual review. If a match can be confirmed the verification team will "Pass" the requirement. If the verification team cannot confirm a match then the team will "Fail" the requirement.

A program inspector will confirm property type at time of damage assessment and will utilize applicant provided information for eligibility processing.

To be eligible for assistance with the program, a property must be a stick-built home, modular home, or MHU.

If the damaged property is anything other than these structure types listed above, the program may approve an exception if the applicant can meet the following requirements and the structure type can be confirmed by a certified inspector:

- Structure must have been connected to active utilities as of June 2016, in the name of the applicant,
- Structure is generally fixed in a permanent location (if structure is found to be mobile, the inspector will flag the file for further investigation), and
- Structure was not used for recreational purposes (recreational vehicles are ineligible for assistance).

## Insurance Eligibility Requirement

Insurance proceeds are determined and verified by the verification team by contacting the insurance company and verifying proceeds. If the verification team does not receive a response from the insurance company within two weeks, the team will use the amount provided by the applicant on the insurance/benefit certification.

### Automated Verification Process

There is not an automated process for insurance verification.

### Manual Verification Process

The verification team will use the documentation provided by the applicant to complete a manual review. The insurance company, along with a policy and/or claim number, will have to

be provided in order to submit a request to the insurance company. Once all data has been provided by the applicant, the verification team will submit a request to the insurance company to obtain claim information related to the June 2016 flood event.

If the insurance company provides a response to the request, the response is imported into the grant management system and all relevant data, including policy/claim numbers, date of request, and paid amount for structure damage, is entered into the private insurance section of the duplication of benefit information. The policy is then marked as "Verified (Provider Response)" and the duplication of benefit initial review is completed.

If the insurance company does not provide a response within 7 days, a second request is sent. If no response has been provided after the standard 14-day waiting period, then the verification team will utilize the self-reported claim paid amount from the applicant. This amount will either be provided with insurance documentation from the applicant or by a communication log stating the paid amount. A memo is prepared and imported into the grant management system and all relevant data, including policy/claim numbers, date of request, and paid amount, is entered into the private insurance section of the DOB information. The policy is then marked as "Verified (Self-Reported)" and the duplication of benefit initial review is completed.

# West Virginia Development Office<sup>1</sup>

## CDBG-DR Compliance

### Monitoring Plan and Procedures

Prepared by

West Virginia Development Office

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<sup>1</sup> The West Virginia Development Office (WVDO) is comprised of the West Virginia Community Advancement and Development Unit (WVCAD) and Economic Resiliency Unit (ERU). The WVDO Compliance Unit which will oversee these procedures is also part of the WVCAD. Given that the WVDO Compliance Unit could oversee compliance for other units within the WVDO or the programs contemplated under this manual could be administered by various units within WVDO, the term “WVDO” is used throughout and should be understood to include WVCAD, ERU and the WVDO Compliance Unit.

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## 1. INTRODUCTION

In June 2016, West Virginia experienced what has become known as the Thousand-Year Flood. This disaster (DR-4273) was among the deadliest, most costly disaster to ever hit the State of West Virginia. To aid with the recovery effort, the U.S. Congress appropriated Community Development Block Grant -Disaster Recovery (CDBG-DR) funds for the State of West Virginia through two public laws. The total appropriation amounts for the State was \$104,260,000. The West Virginia Development Office within the West Virginia Department of Commerce (WVDO) is tasked with administering these CDBG Disaster Recovery funds through various housing, economic development, planning, and infrastructure programs as described within the Disaster Recovery Action Plan and any subsequent amendments thereto.

Grantees are responsible for carrying out their programs to meet these compliance requirements, including monitoring their project administrators, contractors and subcontractors. The Department of Housing and Urban Development (HUD) requires monitoring and evaluation of recipient performance and compliance with Disaster Recovery CDBG program, statutory and regulatory requirements. CDBG regulation (24 CFR 570.501 (b)) states that:

"[The grantee] is responsible for ensuring that CDBG funds are used in accordance with all program requirements. The use of designated public agencies, Subrecipients, or contractors does not relieve the recipient of this responsibility. The recipient is also responsible for determining the adequacy of performance under Subrecipient agreements and procurement contracts, and for taking appropriate action when performance problems arise ... "

The monitoring process has three primary objectives:

- (1) It is a process to gauge the overall program progress and effectiveness of the contractors, State Grantees, Local Grantees and/or Subrecipients, as applicable, in meeting the program objectives, goals and requirements set forth under the Binding Agreement(s).
- (2) It serves as a management tool to identify issues that may compromise program integrity, funding, and service delivery for corrective action and resolution.
- (3) It serves as a technical assistance tool to identify areas in which to strengthen program capacity and quality of service delivery.

Monitoring is designed to make sure that programs are operating efficiently and effectively and that Disaster Recovery CDBG funds are being used appropriately. Monitoring may occasionally identify situations where certain activities or the absence of certain activities raise an issue of concern or violate program or statutory requirements. A finding of deficiency is noted when there is evidence that a statute, regulation or requirement has been violated.

If compliance is not possible, monetary or administrative sanctions may be imposed upon the Grantee, the WVDO or both.

The WVDO standardized Monitoring Plan and Procedures allows program monitoring to be tailored for monitoring any Direct Subrecipient, State or Local Grantee (county or municipality) implemented programs and projects. The Plan uses checklists which include compliance areas applicable to all program/project types, however all sections of the checklists may not apply to every program or project. The Monitor should reference the WVDO Disaster Recovery CDBG Administrative Manual for guidance related to the topics covered within each of the monitoring checklists.

## 2 . TERMINOLOGY

The following terms are used throughout this document:

**Binding Agreement** - An agreement that, pursuant to state and HUD regulations, obligates the parties to expend or distribute federal funds and undertake responsibilities as set forth in the agreement. For the purposes of this monitoring plan, Binding Agreements include Interagency Agreements, and Contracts with procured agencies, commercial concerns, or Program Beneficiaries.

**Community Development Block Grant (CDBG)** - Type of grant provided through HUD to address a wide range of community development needs.

**Compliance Manager** - The lead member of the WVDO Compliance and Monitoring Team who is responsible for ensuring adequate monitoring occurs for all WVDO programs.

**Compliance Analyst** - The WVDO staff who manages compliance activities for all WVDO programs and projects.

**Contract Administrator** - The individual responsible for ensuring that services outlined in the contract are performed adequately, within a specific time frame, and within budget; could also be referred to as a Contract Manager.

**Contractor** - An entity competitively selected to provide clearly-specified goods or services. The contract price is established through the procurement process. CDBG funds are paid to the contractor as compensation for the satisfactory provision of the goods and services as specified in the contract.

**Direct Subrecipient** - A public or private nonprofit agency, authority or organization that is provided DR CDBG funds from WVDO for use in carrying out agreed-upon eligible activities.

**Disaster Recovery Community Development Block Grant (DR CDBG)** - Supplemental funding appropriated by Congress in response to disasters in the form of CDBG Disaster Recovery assistance.

**Financial Lead** - The WVDO staff person that provides technical assistance to Financial Analysts and manages financial compliance activities for onsite monitoring reviews.

**Grantee** - The County or Municipality that has a binding agreement in place with the WVDO to administer the Disaster Recovery CDBG program(s) and/or project(s).

**Interagency Agreement (IA)** - A Binding Agreement entered into by two State Agencies.

**Level 1 Monitoring** - Monitoring of Contractors, Grantees and/or direct Subrecipients.

**Level 2 Monitoring** - Monitoring performed by Grantees or Subrecipients.

**Local Grantee** - The local county or city receiving CDBG funds directly from the WVDO.

**Monitored Entity** - The State Agency, WVDO, Contractor, or Local Grantee (County/Municipality) that is evaluated during a monitoring review.

**Process Lead** - The WVDO staff person who tracks all compliance monitoring efforts and provides technical assistance to Compliance Analysts during onsite monitoring reviews.

**Program Analyst** - The WVDO staff who manages the day-to-day activities for a specific Disaster Recovery Grant Program/Project. The Program Analyst reports to the SPM over the specific Program.

**Project** - The housing, infrastructure, economic development, or planning endeavor undertaken by the Grantee.

**State Program Manager (SPM)** - The individual designated by the WVDO to manage and administer a Disaster Recovery Grant Program.

**Subrecipient** - A public or private nonprofit agency, authority or organization that is provided CDBG funds for use in carrying out agreed-upon eligible activities. U.S. Department of Housing and Urban Development (HUD) administration and oversight of CDBG funding.

**WVDO** – Denotes the State of West Virginia, West Virginia Development Office (including the West Virginia Community Advancement and Development Unit and Economic Resiliency Unit)

### 3. METHODOLOGY

The WVDO's monitoring strategy includes the use of desk reviews by the WVDO program staff and onsite monitoring by the WVDO compliance staff. During the desk reviews, the program analyst may sample program, project, contractor, or Subrecipient documentation to draw conclusions about the monitored entity's performance or to validate the monitored entity's capacity to complete the program(s) in a timely, efficient, economical, and effective manner. The monitoring process is performed based on priority, which is typically determined by the results of a risk assessment.

Quarterly, the Process Lead will identify the entities to be monitored based on the results of the risk assessments and the threshold established (i.e., percentage of funds expended, total allocation, number of projects). The Compliance Manager and Process Lead, in conjunction with the Program Managers and other stakeholders, will prioritize the entities based on known information and staffing availability. At this point, additional entities may be added to the monitoring schedule to accommodate changing monitoring priorities.

#### 3.1 RISK ASSESSMENT AND MONITORING PRIORITIZATION/SCHEDULING

The priority of reviews can be based on either the Grantee/Subrecipient Risk or the Project Risk:

- Grantees identified as "high risk" (per Section 3.1.1) would be monitored first; or,
- Grantees with the most "high risk" projects (as identified by the risk assessment within Section 3.1.2) would be monitored first.

The population of Grantees/projects may be limited by establishing a specific threshold (i.e., percentage of funds expended, total allocation, number of projects, etc.). Additionally, in lieu of reviewing 100% of projects, a sample will be selected for review using the methodology described in Section 3 .2. 1 to determine the overall capacity of a Grantee/Subrecipient to administer DR CDBG projects. The prioritization/scheduling approach should be documented prior to initiating the reviews.

To execute a risk assessment, the following steps should be completed:

1. Assessment based on risk criteria and thresholds (see Section 3.1.1 and 3.1.2).
2. Each criterion should be scored as high, medium, or low risk for each entity within the set (Grantee, Subrecipient, Project, and Program).
3. Combine the risk criterion scores for each entity within the set to determine the overall risk level.

Once the risk assessment is completed for all entities within the set, the monitoring reviews should be prioritized so that high-risk entities (Grantee, Subrecipient, Project, and Program) are monitored first. Reviews should be grouped by Grantee to minimize the number of visits throughout the year. The Grantee or Subrecipient should be monitored prior to or simultaneously with monitoring of their projects/programs.

After the initial monitoring visit, additional monitoring (on site or desk review) should be performed by Program Analyst for all active Grantees, Subrecipients, programs and/or projects through closeout. Additional reviews of programs/ projects requiring follow-up activities and/or corrective actions should take precedence over those not requiring such actions. The program/project risk should also be taken into account when scheduling additional reviews. Risk assessment results may be used to identify specific areas of concern and to determine the prioritization or frequency of onsite reviews.

### 3.1.1 GRANTEE/SUBRECIPIENT RISK ASSESSMENT

A desk review should be performed by Program Analyst for each Grantee/Subrecipient soon after the binding agreement has been executed to verify initial performance and identify any technical assistance needs. However, if multiple Grantees or Subrecipients are engaged to implement the projects/programs, the monitoring reviews can be prioritized by executing the Grantee/ Subrecipient Risk Assessment, described in Table I.

Table 1 Grantee/Subrecipient Risk Assessment Criteria

Criteria	Description	High Risk	Medium Risk	Low Risk
Funding	Grantee's total amount of funds remaining to be disbursed from all combined Disaster CDBG allocations.	7 Points	5 Points	3 Points
		\$200,000+	\$100,000-\$199,999	Less than \$100,000
Risk/Number of Projects	The number and type of approved projects.	5 Points	3 Points	1 Point
		20+ Projects or 7+ High-Risk Projects	10-19 Projects or 5+ High-Risk Projects	9 or Fewer Projects or Less than 5 High-Risk Projects
Implementation Method	The Grantee's use of Subrecipients, consultants, or internal staff to carry out their programs/projects.	7 Points	5 Points	3 Points
		Subrecipient	Grantee Staff	Consultant
Relevant Experience	The Grantee's experience of administering CDBG funds	5 Points	3 Points	1 Point
		No Experience	1 to 3 Years of Experience	4+ Years of Experience
Compliance History	The Grantee's past compliance with federally funded programs.	5 Points	3 Points	1 Point
		No past monitoring or severe deficiencies were revealed	Evidence of prior monitoring; deficiencies noted, but non severe	Evidence of prior monitoring; no deficiencies noted

High Risk: 29-22 Points

Medium Risk: 21-15 Points

Low Risk: Less than 15 Points

### 3.1.2 PROJECT/PROGRAM RISK ASSESSMENT

Projects/Programs for each Grantee or Subrecipient should be prioritized based on the results of the risk assessment described in Table 2. The Project/Program Risk Assessment.

Table 2 Project/Program Risk Assessment

Criteria	Description	High Risk	Medium Risk	Low Risk
Total DR-CDBG Allocation	The total DR-CDBG provided to execute the Project.	5	3	1
		\$250,000+	\$150,000-\$249,999	Less than \$150,000
Complexity	The activities associated with the project or program	5	3	1
		Project Involving Construction	Loan or Grant Project	Other Project Types
Implementation	The entity who is implementing the project.	12	8	4
		Subrecipient	Grantee Staff	Consultant
Relevant Experience	The entity who is implementing the project or program's experience implementing a similar type project or program.	8	5	3
		No Experience	1 to 3 Years of Experience	4+ Years of Experience

**High Risk: 30-22 Points    Medium Risk: 21-15 Points    Low Risk: Less than 15 Points**

## 3.2 EXECUTING THE MONITORING REVIEW

The steps illustrated in the diagram below and described in the subsequent sections provide the high-level process for executing a monitoring review. The roles and responsibilities associated with these steps are described within Section 4, Monitoring Roles and Responsibilities.

### **3.2.1 SELECT THE PROJECT SAMPLE**

To initiate monitoring, the WVDO will initially limit the population to those projects where 95% or more funds have been expended. The Process Lead will initiate the Project Sample Selection process by providing a list of projects that meet the predefined threshold to the Program Manager. The Program Manager will complete the Project Selection Justification Form and provide a copy to the Process Lead.

Note: As monitoring activities increase, the expenditure threshold of 95% will be lowered to 50%. However, the expenditure threshold may or may not be used when monitoring projects for the Comprehensive Resiliency, Economic Development or Infrastructure Programs, and other projects.

Program Managers select a sample of projects to be reviewed using the Number of Projects and the Type of Project:

#### **1. Number of Projects**

- If five or fewer projects are within the monitoring population, two projects should be reviewed if applicable.
- If six or more projects are within the monitoring population, three projects should be reviewed, as applicable.

*Note: No more than three projects should be reviewed during a monitoring review, unless the stakeholders agree on staff availability.*

#### **2. Types of Projects**

- Different types of projects (infrastructure, housing, planning, and economic development) meeting the expenditure threshold should be reviewed.
- High Risk Projects should be included in the sample, as applicable.
- 2016 Flood projects meeting the expenditure threshold (95%) should be included in the sample, as applicable.
- Projects implemented by an entity without a contractual relationship with the WVDO (i.e. a Grantee's Subrecipient) should NOT be included within the Project Sample.

Additional projects may be added to the sample selection, as deemed necessary by the Analysts (e.g., reviewing projects with previous audit findings). However, no more than three projects should be reviewed during one review. Program Managers must provide justification for each project selected for the sample, and the Process Lead approves the project sample prior to the Compliance Analyst sending the Notification Letter. If

additional projects need to be reviewed, the Program Manager can request that an additional review be included in the follow-up review cycle.

If projects that fall outside of the 95% or more expended population are added, the population size should be adjusted. For example: If five projects are within the 95% funds expended population, two would be reviewed. If the Program Analyst would like to add an additional project that is outside of the 95% funds expended threshold, the total population would increase to six, so three projects would be reviewed.

The sample should, to the extent feasible, be different for each review performed. The following exceptions should be noted:

- Projects that are monitored and result in a high number of unresolved concerns and findings should be included within subsequent reviews.
- Projects selected through random sampling may be replaced in cases where the projects either have not started or have not reached defined milestones within the life of the project.

### *3.2.2 PERFORM DESK REVIEW*

Once the projects have been selected for review, the Compliance Analyst will attempt to complete a Core Desk Review Checklist for the Grantee/ Subrecipient and a Project Checklist for each jurisdiction/entity to be reviewed. The goal of the desk review is to collect documents required for the onsite compliance monitoring review and may identify potential problems and technical assistance needs early, prevent compliance violations, and help improve Grantee/ Subrecipient performance. If, during the desk review, the Compliance Analyst determines that additional documents would be beneficial in prepping for the onsite review or will be required while onSite, they may request the documents prior to the onsite review.

The Desk Review, to the extent possible, must be completed prior to sending the Monitoring Notification. Documents not received during the Desk Review will not prevent the onsite review from taking place as scheduled. However, the Compliance Analyst should make an attempt to collect all required documents and, if the document is not received, note as such on the Desk Review Checklist.

### *3.2.3 SEND MONITORING NOTIFICATION*

Once an onsite review is scheduled to begin, a Monitoring Notification Letter is sent to the entity. The Compliance Analyst is responsible for drafting the Notification Letter. The

Compliance Manager signs the Letter. Sending the monitoring notification is an especially important step in the onsite review process. The letter should include the date and time of the visit and the areas to be covered. For an onsite review, the letter should include a request for adequate workspace and for meetings with key personnel.

### *3.2.4 PREPARE FOR ONSITE REVIEW*

Prior to beginning monitoring, the Compliance Analyst should coordinate work sessions with all the WVDO parties involved to review checklists and ensure all staff understand how to answer the questions for the specific review and to reiterate roles and responsibilities. As a part of the internal prep meeting, the Compliance Analyst should develop an agenda for the onsite review Entrance Conference and confirm the logistics for the onsite visit (travel arrangements, etc.). Section 1.1 of the Core Checklist contains questions that should be completed to ensure all monitoring prep activities have taken place prior to arriving onsite for the compliance monitoring visit.

The Compliance Analyst should also begin executing the Core Checklist, Project Checklist and if applicable, Project Worksheets and Supplemental Subrecipient Worksheets utilizing the documents collected by the Program Analyst during the desk review. See Section 4 for a description of the roles and responsibilities related to these Checklists. These checklists, described in Section 5, are used to assess compliance with program, contractual, HUD, CDBG, and other federal, state and local requirements. Each Checklist includes instructions. Risk assessment results may be used to identify specific areas of concern and to determine the frequency of reviews.

### *3.2.5 EXECUTE ONSITE REVIEW*

Onsite monitoring activities are those activities conducted at a site where the program/project records are maintained, production occurs, or both. Onsite monitoring is an effective way to validate desk review results, identify and/or research discrepancies, and more closely monitor high-risk program components.

During onsite monitoring visits, the files will be reviewed for compliance with all applicable federal and program requirements. Information collected during previous desk reviews, such as employee time sheets, financial statements, position descriptions, and policy and procedure manuals provided by the organizations, will also be used to prepare for the onsite visit. Each Checklist contains additional questions applicable to onsite monitoring. These Checklists are described in Section 5.

### **3.2.6 PREPARE AND SEND MONITORING LETTER**

As a result of the monitoring review, one or more of the following conclusions may be reached:

- Performance was adequate or exemplary;
- There were significant achievements;
- There were concerns that need to be brought to the attention of the program participant;
- Technical assistance was provided or is needed; and/or,
- There were findings that require corrective actions.

Compliance Analyst should complete the Monitoring Report Letter Form to summarize the results of the onsite monitoring visit to facilitate discussions between the Compliance Director, Compliance Manager and Compliance Analyst. In the event that deficiencies are found, the findings must include the condition, criteria, cause, effect, and required corrective action.

Once the Monitoring Report Form is finalized (i.e., reviewed by the Program Manager and approved by the Compliance Director), the Compliance Analyst will prepare a Monitoring Letter, to be issued to the Monitored Entity describing the results in sufficient detail - to clearly describe the areas that were covered and the basis for the conclusions.

Generally, the tone of the Monitoring Letter should be positive, recognizing the common goal of responsibly and effectively implementing CDBG programs. The letter should include significant accomplishments or positive changes to establish and/or maintain positive relationships and to recognize the dedication and commitment of the Monitored Entity's staff to the program mission. However, the Monitoring Letter should not include general statements such as, "[The Monitored Entity] complied with all applicable rules and regulations." Such broad, general statements can, for example, negate the ability to apply sanctions if necessary. Monitoring reviews cover the selected program, technical areas and oftentimes include selected samples. Monitoring conclusions should, therefore, be qualified (e.g., "based upon the materials reviewed and staff interviews, the activity/area was found to be in compliance with [specific requirements].").

The Compliance Analyst should strive to provide the results of the monitoring visit to the monitored entity within 30-45 days of the visit. If the Monitoring Letter cannot be completed within 60 days, the Monitoring Analyst should send the monitored entity a Monitoring Report Delay Letter to notify the Monitored Entity that the review is still underway.

### **3.2.7 CORRECTIVE ACTION**

To assist in resolving findings of noncompliance with program policies, regulations, or process weaknesses identified in the Monitoring Letter, the Monitored Entity must submit a written management response to the Compliance Analyst. The management response should also include a plan for completing the required corrective actions. The management response and associated corrective action plan should be submitted within 30 days of receiving the Monitoring Letter from the WVDO. The Compliance Analyst maintains primary responsibility for following up on all corrective actions contained within the Monitoring Letter. If evidence of corrective actions taken or a corrective action plan is not submitted within 30 days of receiving the Monitoring Letter, the WVDO will follow up with a Monitoring No Response Letter. In the corrective action plan, the Monitored Entity must describe the corrective action taken or planned in response to the findings identified during the review. A corrective action plan is not required for monitoring concerns; however, the Monitored Entity should include proposed corrective actions related to concerns in the management response. In addition, the Compliance Analyst must comment on the status of corrective action taken on any prior findings and/or concerns.

Upon completion of all of corrective actions contained within the Grantee/Subrecipient's corrective action plan, corrective actions must be reviewed and approved by the Compliance Director, and then by the Chief of Staff and Executive Director. A Corrective Action Completed Letter will be sent to the Monitored Entity on behalf of the WVDO.

### **3.2.8 TECHNICAL ASSISTANCE**

The objective of technical assistance is to aid the Monitored Entity in their day-to-day compliance with HUD and state regulations and program requirements as they administer their individual programs. The nature and extent of technical assistance should be determined at the discretion of the Program Analyst. Some examples of technical assistance may include:

- Verbal or written advice;
- Formal training; and/or,
- Documentation and guidance.

When deficiencies are identified as a result of monitoring, technical assistance may be required to assist in the resolution of the deficiency. Any assistance directly related to resolving a specific monitoring deficiency will be coordinated by the Program Analyst.

If deficiencies are noted for multiple Grantees, then organized technical assistance (TA) activities will be coordinated through the applicable Outreach Representative. Compliance

and Program staff is responsible for reaching out to Outreach Reps to initiate T A activities. The Outreach staff is responsible for identifying the appropriate staff to provide T A (i.e., finance, infrastructure, labor, compliance, etc.). The Outreach Rep coordinates the logistics for T A visits (including setting up a pre-visit meeting with all WVDO parties involved). T A activities should be documented and reported in accordance with the WVDO policy.

### **3.2.9 FOLLOW~UP**

In the event that findings or concerns are identified during the monitoring engagement, follow-up actions should be scheduled to address the progress of the proposed resolution. The timing and frequency of the follow-up communication and activities should be determined at the discretion of the Compliance Analyst, Program Analyst and SPM, and should be based on the severity of the deficiency.

If previous findings or concerns remain unresolved, or if a previously-identified monitoring deficiency remains uncorrected, these issues will also require follow-up activity. All follow-up actions should be documented and communicated to the Monitored Entity. When corrective action is required, target dates should be assigned for resolution of deficiencies.

## **4. MONITORING ROLES AND RESPONSIBILITIES**

Recipient monitoring is the responsibility of the WVDO and its Grantees. The WVDO will monitor Grantees and direct Subrecipients to ensure compliance with executed agreements, applicable state and federal laws and regulations, and project/program performance criteria. Grantees and direct Subrecipients are responsible for carrying out their projects and programs in a way that meets compliance requirements, including monitoring their program/project administrators, contractors and subcontractors.

The WVDO has identified two levels of compliance monitoring for all of its CDBG Disaster Recovery Funds: Level 1 and Level 2. The WVDO developed monitoring tools that can be used at each level of compliance monitoring. The WVDO Long-Term Monitoring Tools are comprised of three Checklists: the Core Checklist, the Project Subrecipient Checklist, and a Contractor Monitoring Checklist.

Level 1 Monitoring - State Agencies, Local Grantees, Subrecipients, and contractors, as applicable, ensure that the program or project is implemented and/or services are being provided according to the requisite state and federal regulations and contractual obligations. The Core Checklist (see Section 5.2) and Project Checklist (see Section 5.3) are used to perform Level 2 monitoring. Additionally, the WVDO may use the Contractor Monitoring